

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
MARCH 9, 1995

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, March 9, 1995. Members present were Messrs. Mark Hasten, Chairman, presiding, R. Douglas Grant, Daniel Leitch, Tony Zaleski and Ms. Dee Godme. Also present from the Department were Charles W. Phillips, Director; Kirk J. Schreiber, Bank Analyst; Eric D. Roberts, Bank Analyst; James M. Cooper, Deputy Director, Depository Institutions; Charles T. Stumpf, Deputy Director, Administrative Division; J. Philip Goddard, Deputy Director, Non-Depository Institutions; Mark K. Powell, Supervisor, Credit Unions; Mark K. Tarpey, Division Coordinator, Consumer Credit Division; and Ronda K. Bailey, Administrative Secretary. Messrs. Lowery and Wolf were absent.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: April 13, 1995, at 10:00 a.m., EST.
- C.) A motion was made for approval of the minutes of the meeting held January 12, 1995, by Ms. Godme and was seconded by Mr. Grant. The minutes were unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1.) The Fifth Third Bank of Central Indiana, Indianapolis, Marion County, Indiana

The Fifth Third Bank of Central Indiana, Indianapolis, Indiana ("Fifth Third Central") and The Fifth Third Bank of Southeastern Indiana, Greensburg, Indiana, ("Fifth Third Southeastern") propose to effect a merger pursuant to IC 28-1-7 with Fifth Third Central surviving the merger. Following consummation of the transaction, the existing main office and the six (6) branch offices of Fifth Third Southeastern will be operated as branch offices of the surviving bank. The name of the resulting institution will be "**The Fifth Third Bank of Central Indiana**", and the bank will operate under the Articles of Incorporation and By-Laws of Fifth Third Central. Fifth Third Central and Fifth Third Southeastern are wholly-owned subsidiaries of Fifth Third Bancorp, Cincinnati, Ohio.

Resolutions authorizing the proposed transaction were adopted by the Board of Directors of Fifth Third Central and Fifth Third Southeastern on February 9, 1995, and February 2, 1995, respectively. The proposed structure of the transaction is outlined in the Agreement of

Merger dated February 10, 1995. As a result of the transaction, all 11,600 issued and outstanding shares of common stock, \$100.00 par value, of Fifth Third Southeastern will be cancelled at the effective time of the merger.

The resulting bank will have twenty-seven branches. As of 12/31/94 on a proforma basis, investment in land, building, and leasehold improvements represent 18.48% of sound capital. Investment in total fixed assets represent 11.85% of total capital as of 12/31/94. The resulting bank is within the statutory limitations set forth in IC 28-2-13-19(b) and IC 28-1-11-5(b).

The resulting bank will have total assets of \$976.5 million, total deposits of \$544.5 million, and total equity capital of \$78.5 million. It will have adequate Tier I capital ratio of 8.04%. The three-year average Return on Assets for Fifth Third Central and Fifth Third Southeastern are 0.74% and 1.58%, respectively.

The contemplated reorganization will not alter the competitive structure of the banking markets involved.

Both Fifth Third Central and Fifth Third Southeastern received satisfactory CRA and Compliance ratings at their most recent examinations. Fifth Third Central and Fifth Third Southeastern received satisfactory CAMEL ratings at their most recent examinations. In addition, Fifth Third Bancorp received a satisfactory BOPEC rating at its most recent inspection.

A motion for approval of the application was made by Mr. Grant and seconded by Mr. Leitch. The application was unanimously approved.

2.) **Old National Bancorp, Evansville, Vanderburgh County, Indiana**

This application was presented by Mr. Kirk J. Schreiber, Bank Analyst. Old National Bancorp (Old National) has applied to the Members of the Department, pursuant to IC 28-2-14, for approval to acquire 100% control of Citizens National Bank Corporation, (Citizens), Tell City, Perry County, Indiana, and thereby acquire its wholly-owned subsidiary Citizens National Bank of Tell City (Citizens Bank), Tell City, Perry County, Indiana. Upon consummation, Citizens Bank will continue to exist as a separate entity and will conduct business as a wholly-owned subsidiary of Old National.

The proposed transaction consists of an exchange equal to the quotient arrived at by dividing (a) One Hundred Dollars (\$100.00) by (b) the Market Value of Old National's common stock. The aggregate market value of all the shares of Old National's common stock to be exchanged in the proposed transaction shall not exceed \$34,142,900. Using a market value of \$35.00 per share for Old National's common stock as of February 24, 1995, the exchange ratio would be 2.857 shares of Old National's common stock for each issued and outstanding share of Citizens common stock. This represents \$100.00 per common share of Citizens. The book value of Citizens common stock at September 30, 1994 was \$52.62. This represents a purchase price premium of \$47.38 or 1.90x book value.

Mr. Schreiber reported that the pro forma combined financial statements as of September 30, 1994, reflect a tier one leverage capital ratio of 8.72% for Old National. Pro forma total assets for the same date were \$4.49 billion and total equity capital of \$408 million. It is anticipated that the Federal Reserve Bank of St. Louis will approve the application on March 9, 1995.

It is the staffs opinion that the criteria for acquisition that is set forth in IC 28-2-14-12 have all been satisfied. A motion for approval of the application was made by Mr. Leitch and seconded by Mr. Zeleski. The application was unanimously approved.

DIVISION OF CONSUMER CREDIT

- 1.) A review of a Default Order by Administrative Law Judge, J. Philip Goddard, in regard to the revocation of a pawnbroking license issued to Mr. William D. Johnson dba Auto Title Loans. A motion for approval was made by Mr. Grant and seconded by Mr. Leitch. The order was unanimously approved.

DIRECTOR'S COMMENTS AND REQUESTS

- A.) **PEOPLES BANK & TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank notified the Department that they have closed their branch banking office which was known as "St. Francis Office" located at 1500 Albany, Beech Grove, Marion County, Indiana.

The Office was closed on February 17, 1995, at 6:00 P.M. This item is for informational purposes only.

- B.) **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank notified the Department that they have closed their branch banking office which was known as "University Park Mall Banking Center" located at 6501 North Grape Road, Mishawaka, St. Joseph County, Indiana. The Office was closed on December 30, 1994 at 6:00 P.M. This item is for informational purposes only.

- C.) **SECURITY BANK, VINCENNES, KNOX COUNTY, INDIANA**

The bank notified the Department that they have closed their branch banking office which was known as "Bicknell IGA Grocery Branch" located at Highway 67 West, RR1, Bicknell, Knox County, Indiana. The Office was closed on February 15, 1995 at 4:00 P.M. This item is for informational purposes only.

- D.) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

1.) **PEOPLE'S TRUST COMPANY, BROOKVILLE, FRANKLIN COUNTY, INDIANA**

The bank has applied for approval to establish a branch banking office to be known as "People's Trust Company - Marsh Branch." The branch will be located at 1542 N. Main Street, Rushville, Rush County, Indiana. This will be the bank's 13th branch. The request was approved by the Director under Delegated Authority on January 13, 1995.

2.) **THE BANK OF ORLEANS, ORLEANS, ORANGE COUNTY, INDIANA**

The bank has filed an application with the Department for approval **to merge with Orleans Interim Bank**, Evansville, Vanderburgh County, Indiana. Orleans Interim Bank is an interim bank formed to facilitate the acquisition of The Bank of Orleans by CNB Bancshares, Inc., Evansville, Indiana. The Bank of Orleans will be the surviving bank. The name of the surviving bank will be Citizens Bank of Orleans and the main office will be located at 200 South Maple, Orleans, Orange County, Indiana. The request was approved by Action Taken by the Director on February 2, 1995.

3.) **BANK OF WESTERN INDIANA, COVINGTON, FOUNTAIN COUNTY, INDIANA**

The bank has applied to the Director for approval of the Articles of Restatement of the Articles of Incorporation of The Citizens State Bank, Williamsport, Warren County, Indiana. Bank of Western Indiana, Covington, Indiana merged with and into The Citizens State Bank, Williamsport, Indiana with Citizens surviving the merger. The name of the surviving bank was changed to Bank of Western Indiana. The Board of Directors of the Corporation, at a meeting approved and adopted, by the amendments and restatement of the Corporation's Articles of Incorporation. The restatement of the Corporation's Articles of Incorporation contains certain amendments requiring shareholder approval. The request was approved by Action Taken by the Director on February 2, 1995.

4.) **STATE BANK OF MARKLE, MARKLE, HUNTINGTON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be known as "State Bank of Markle." The proposed branch will be located at 1717 Harrison Plaza, Bluffton, Wells County, Indiana. This will be the institution's second branch. The request was approved by the Director under Delegated Authority on February 2, 1995.

5.) **FIRST OF AMERICA BANK - INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to

be known as "Fort Wayne Meijer Office." The proposed branch will be located at 10301 State Road 37, Fort Wayne, Allen County, Indiana. This will be the institution's forty-sixth branch. The request was approved by the Director under Delegated Authority on February 2, 1995.

6.) **FRANKLIN LOAN AND SAVINGS ASSOCIATION, BOONVILLE, WARRICK COUNTY, INDIANA**

The savings association has submitted a request to the Department for approval of the appointment of Tony Aylsworth to serve as liquidating agent in the dissolution of the savings association. The dissolution of Franklin Loan and Savings Association was approved by the Members of the Department at the January 12, 1995 meeting. The request was approved by the Director under Delegated Authority on February 2, 1995.

7.) **PEOPLES TRUST BANK COMPANY, CORYDON, HARRISON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be known as "Salem Office-Peoples Trust Bank Company." The proposed branch will be located at Route 1, Box 122A, Highway 60 East, Salem, Washington County, Indiana. This will be the institution's first branch. The request was approved by the Director under Delegated Authority on February 2, 1995.

8.) **BANK OF GENEVA, GENEVA, ADAMS COUNTY, INDIANA**

The bank has applied to the Department for permission to amend Section (d) of its Articles of Incorporation. The amendment will allow the bank to increase its number of shares of capital stock. This was approved by the Director of the Department under Delegated Authority on February 14, 1995.

9.) **COLUMBUS BANK AND TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be known as "Salin Banking Center." The proposed branch will be located at 1614 East Tipton Street, Seymour, Jackson County, Indiana. This will be the institution's fourth branch. This was approved by the Director of the Department under Delegated Authority on February 14, 1995.

10.) **DEMOTTE STATE BANK, DEMOTTE, JASPER COUNTY, INDIANA**

The bank has applied for approval to relocate a branch banking office from 307 Carlson Drive, Knox, Starke County, Indiana, to 1209 S. Heaton Street, Knox, Starke County, Indiana. This was approved by the Director of the Department under Delegated Authority on February 14, 1995.

11.) **INDIANA COMMUNITY BANK, SB, LEBANON, BOONE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be known as "Hoosier Village Banking Center." The proposed branch will be located in Boone County, with an Indianapolis, Indiana address of Deercrest Center, 5300 West 96th

Street. This will be the institution's third branch. This was approved by the Director of the Department under Delegated Authority on February 27, 1995.

DIVISION OF CONSUMER CREDIT

- 1.) Ryan Warranty Services, Inc. is requesting approval as third party administrator for a Guaranteed Asset Protection (GAP) program. The program will include the customer's deductible up to \$500. It will have a 30 day "free-look" period as well as a rebate upon prepayment each subject to a \$25 cancellation fee. The program will have Virginia Surety Company as the provider of a contractual liability policy. The insurance is between the dealer and Virginia Surety rather than the customer. Ryan Warranty services has submitted Collins Oldsmobile as the initial dealer for approval. All future dealers will submit a form letter agreeing to abide by the same terms as those submitted on behalf of Collins.

The maximum charge to the customer would not exceed \$420. As of this date, Ryan has processed 16 GAP agreements. They have agreed to notify all of these customers. The customer will be given an option to cancel the program and receive a credit to their account with the financial institution. If the customer has been charged more than the approved amount, the excess will be refunded. Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions as provided for under IC 24-4.5-2-202(1)(c). The request was approved by the Director of the Department under Delegated Authority on January 24, 1995.

- 2.) A request was made for a consumer loan license by Allstate Mortgage & Finance Corporation d/b/a AAA Mortgage & Financial Corporation of Grand Rapids, Michigan. They will be making second mortgage loans in Indiana using local attorneys and title companies to close the loans. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on February 24, 1995.
- 3.) A request was made for a consumer loan license by MorEquity, Inc. (a Delaware Corporation) for their location in Evansville. They will be making consumer loans in Indiana. This is a real estate subsidiary of American General Finance, Inc. which operates in over 80 locations in Indiana under loan license #1044. They also have a loan license under MorEquity, Inc. (a Nevada Corporation) under loan license #1247. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on February 24, 1995.
- 4.) A request was made for a consumer loan license by Prime Funding, Inc., Indianapolis, Marion County, Indiana. They are obtaining the license to make second mortgage consumer loans. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on February 9, 1995.

- 5.) A request was made for a consumer loan license by UNICOR Mortgage, Inc., Baton Rouge, Louisiana. They are a subsidiary of United Companies Financial which is currently licensed with this Department under loan license number 1172. The license is being obtained to make second mortgage consumer loans. Local attorneys and title companies will close the loans. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on February 9, 1995.
- 6.) A request was made for a consumer loan license by GINGER MAE, Inc. They will be based in Baton Rough, Louisiana. They are a subsidiary of United Companies Financial which is currently licensed with this Department under loan license number 1172. The license is being obtained for possible future use. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on **February 9, 1995.**
- 7.) A request was made by National City Bank, Indiana for approval of a debt cancellation/ Guaranteed Auto Protection (GAP) agreement on retail contracts purchased by the bank and direct loans. The agreement will provide standard GAP coverage. It includes the customer's deductible up to \$1000. There is a 30 day "free-look" period. There is no rebate upon prepayment. The bank will have a contractual liability policy issued through Progressive Insurance. The charge will be \$250. Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c) and 3-202(1)(e). The request was approved by the Director under Delegated Authority on **February 9, 1995.**
- 8.) A request was made by Fast Funds of Indiana, Inc. for a check cashing license. They will be based in Indianapolis. All references are in order. There will be just one location. It is recommended that the license be issued. The request was approved by the Director under Delegated Authority on **February 9, 1995.**
- 9.) A request was made by Talmage Thompson d/b/a Check Masters for a check cashing license. He will be based in Shelbyville. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on **February 9, 1995.**

DIVISION OF CREDIT UNIONS

TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

- 1.) A request was made for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union: The request was approved by the Director under Delegated Authority on December 28, 1994.

D.W. Wallcovering, Inc. - Culver - 100 members

Indianapolis Bar Association - Indianapolis - 3,113 members

E & S Services, Inc. - Elkhart - 4 members
National Printing Coverters, Inc. - Brazil - 74 members
Ditto Pump & Machine Products, Inc. - Granger - 7 members
Madison Properties Management - Greenwood - 1 member
Nu-Focus, Inc. - South Bend - 4 members
Wholesale Leathers - Indianapolis - 15 members
North Salem Church of God - Plymouth - 35 members
Computer Concepts of Goshen Inc. - Goshen - 3 members
Northern Indiana Canteen Corp. - South Bend - 102 members
Creative Financial Planning Advisors, Inc. - South Bend - 3 members
Creative Financial Planning Alternatives, Inc. - South Bend - 4 members
Orkin Exterminating Company - South Bend - 18 members

ELKHART COUNTY FARM BUREAU CREDIT UNION, ELKHART, ELKHART COUNTY, INDIANA

- 2.) A request was made to approve the Petition for the Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union: The request was approved by the Director under Delegated Authority on December 28, 1994.

Oaklawn - Goshen - 115 members
Dutch Mills - Goshen - 60 members
Goshen Industries, Inc. - Goshen - 200 members
Bethany Christian High School - Goshen - 40 members

- 3.) **SPENCER COUNTY COOPERATIVE CREDIT UNION, CHRISNEY, SPENCER COUNTY, INDIANA**

A request was made for a Proposed Amendment to the Articles of Incorporation. This amendment would place members of credit union affiliated associations into the field of membership of the credit union. The request was approved by the Director under Delegated Authority on February 3, 1995.

- 4.) **WABASH COUNTY FARM BUREAU CREDIT UNION, WABASH, WABASH COUNTY, INDIANA**

A request was made for the approval of an application to establish a service office at **1603 North Baldwin Avenue, Marion, Grant County, Indiana**. The request was approved by the Director under Delegated Authority on **February 23, 1995**.

- 5.) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

A request was made for a Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union: The request was approved by the Director under Delegated Authority on January 31, 1995.

Indiana Economic Development Association, Inc. - Carmel - 200 members
Society of Professional Journalists - Greencastle - 15 members
North Village Landing - South Bend - 20 members
Alternate Building Systems, Inc. - Tyner - 4 members
Clark's Mobile Home Service, Inc. - Elkhart - 3 members
Holy Cross Care Services, Inc. - South Bend - 800 members
Michiana Community Church of God - Granger - 140 members
Marshall County Rural Electric Membership Corp. - Plymouth - 20 members
Daniel E. White, D.D.S., P.C. - South Bend - 7 members
Dental Associates, Dental Laboratory - South Bend - 4 members
Timothy S. Kulik, D.D.S., P.C. - South Bend - 7 members
Alro Steel Corp. - Indianapolis - 35 members
Christ's Church at Plymouth - Plymouth - 46 members
O & C Corp. - Indianapolis - 45 members
The Center for the Homeless, Inc. - South Bend - 22 members
Eisenbrauns, Inc. - Winona Lake - 19 members

6.) **INDIANAPOLIS POLICE DEPARTMENT CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

A request was made for approval to establish an office at 1502 East Washington Street, Indianapolis, Marion County, Indiana. The request was approved by the Director under Delegated Authority on January 31, 1995.

7.) **JET CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union: The request was approved by the Director under Delegated Authority on February 14, 1995.

Keystone Title Company - Indianapolis - 18 member
Noahs Ark Christian Child Care Ministry - Zionsville - 25 members
Burnett & Sons Towing - Speedway - 10 members
Dan Young Chevrolet - Indianapolis - 250 members
Freight Masters Systems, Inc. - Indianapolis - 100 members

8.) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union: The request was approved by the Director under Delegated Authority on February 28, 1995.

Holy Cross College - Notre Dame - 53 members

Indiana Electronic Service Association - Indianapolis - 100 members
Indiana Association of School Principals - 1,500 members
Diversified Transport, Inc. - South Bend - 7 members
Colorado Steak House - Mishawaka - 100 members
Stockberger Trucking Co., Inc. - Plymouth - 15 members
Sound Move, Inc. - Elkhart - 8 members
All Temp Service, Inc. - Monterey - 4 members
Michiana Dental Studio, Inc. - Elkhart - 13 members

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary